CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION HEALTH BENEFITS COMMITTEE MEETING MINUTES

February 18, 2009

The Health Benefits Committee met on Wednesday, February 18, 2009, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 11:20 a.m. with the following members present:

Priya Mathur, Chair
George Diehr, Vice Chair
Ruth Holton-Hodson representing John Chiang
Rob Feckner
Greg Beatty representing David Gilb
Henry Jones
Tricia Wynne representing Bill Lockyer
Tony Oliveira

Other Board members present: Kurato Shimada

AGENDA ITEM 2 – APPROVAL OF DECEMBER 16, 2008, HEALTH BENEFITS COMMITTEE MEETING MINUTES

The December 16, 2008, Health Benefits Committee meeting minutes were approved as presented.

AGENDA ITEM 4D – PHARMACY BENEFITS: IMPLICATIONS OF COST TRENDS, GENERIC USE AND MEDICATION COMPLIANCE

As an information item, Patrick Robinson, Health Benefits Branch, presented information on CalPERS pharmacy benefits including; overall statistics, cost trends, specialty drugs, low-priced generics and maintenance medication compliance. This report is the second in a series outlined to the Health Benefits Committee in December 2008, using the Health Care Decision Support System (HCDSS) tool.

AGENDA ITEM 3A – STRATEGIC HEALTH COMMUNICATION – QUARTERLY UPDATE

As an information item, Pat Macht, Assistant Executive Officer, Office of Public Affairs, provided the Committee with the communication plan for the Health Care Trends and Costs Education Campaign. The Office of Public Affairs (PAOF) is coordinating key elements of this campaign with monthly data supplied by the HCDSS. In collaboration with the Office of Health Policy & Program Support (HPPS), PAOF will implement the campaign in a phased approach based on the availability and subsequent analysis of HCDSS data by HPPS.

AGENDA ITEM 4A – REVIEW OF THE HEALTH BENEFITS COMMITTEE VISION STATEMENT AND EVALUATION CRITERIA

As a result of the January 2009 Board offsite, Nancy Quinlan, Interim Division Chief, Strategic Management Services Division, provided the Committee with draft Health Benefits Program Vision Statements and a listing of Key Evaluation Criteria.

No action was taken and the Committee requested staff to bring back revised versions of the vision statement for consideration at the March 2009 Health Benefits Committee meeting.

AGENDA ITEM 4B - 2008 OPEN ENROLLMENT STATISTICS

As an information item, Sandra Felderstein, Division Chief, Office of Health Policy & Program Support, presented the 2008 open enrollment statistics showing, among other things, that 2 percent of CalPERS 603,076 subscribers transferred health plans. Ms. Felderstein also provided information on growth in CalPERS NetValue and PERS Select plans, introduced in 2008.

AGENDA ITEM 4C – UPDATE ON HEALTH AND DISEASE MANAGEMENT INITIATIVE

As an information item, Dr. Richard Sun, Health Benefits Branch, updated the Committee on the recent activities and staff's objectives in relation to the Health and Disease Management Initiative. CalPERS staff will continue to update the Committee on a quarterly basis.

AGENDA ITEM 5A – UPDATE ON THE HEALTH MAINTENANCE ORGANIZATION REQUEST FOR PROPOSAL

As an information item, Gregory A. Franklin, Assistant Executive Officer, Health Benefits Branch, provided an update on Phases 1 and 2 of the Health Maintenance Organization (HMO) Request for Proposal (RFP). In accordance with the HMO RFP Schedule of Events, proposal responses for Phase 1 are due by March 25, 2009 and with Board approval, Phase 2 of the HMO RFP will be released in April 2009.

AGENDA ITEM 6A – 2008 THIRD QUARTER SELF-FUNDED HEALTH PLANS FINANCIAL REPORT

As an information item, Gary McCollum, Actuarial and Employer Services Branch, provided an update on the financial status of the six CalPERS self-funded PPO health plans for the calendar quarter ending September 30, 2008. The overall financial position of the self-funded health plans remains stable. The ongoing positive results for the program assets provide assurance that the rates approved by the Board for the 2008 play year were sufficient to fund benefits and to maintain adequate reserves.

At this time the Health Benefits Committee recessed for lunch and returned at 1:15 p.m.

AGENDA ITEM 7A – CONTRACTING AGENCIES' RISK POOL ANALYSIS

As an information item, Kathy Donneson, Assistant Division Chief, Office of Health Policy & Program Support, provided the Committee with information on the added risk of increased contracting agency participation in the Public Employees Medical and Hospital Care Act (PEMHCA) program. CalPERS staff analyzed data from the HCDSS tool and concluded that, to date, adding new contracting agencies has not significantly impacted the CalPERS risk pool.

AGENDA ITEM 7B - REGIONAL PRICING UPDATE

Sandra Felderstein, Division Chief, Office of Health Policy & Program Support, presented staff's analysis of the county composition used for contracting agency regional pricing of health care premiums. The analysis identified four counties that should be considered for re-assignment (San Francisco, Solano, Humboldt and Shasta), but recommended that no changes be made at this time.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended to approve staff's recommendation to make no changes to the existing contracting agency regions used for regional pricing for the 2010 rate year, and reexamine region composition for the 2011 rate year.

AGENDA ITEM 8 - ASSISTANT EXECUTIVE OFFICER REPORT

Gregory A. Franklin, Assistant Executive Officer, Health Benefits Branch, updated the Committee on the UCSF Raley's Project; procurement of the Health Care Decision Support System contract; CalPERS membership in the California Healthcare Coalition; and, Kaiser Permanente's Proposal of Plan by Plan Analysis.

Neal Johnson, SEIU Local 1000, spoke on this item.

AGENDA ITEM 9 – PROPOSED AGENDA FOR MARCH 17, 2009, HEALTH BENEFITS COMMITTEE MEETING

The proposed March 17, 2009, Health Benefits Committee agenda was accepted with the addition of the following items:

- Health Maintenance Organization Request for Proposal
- Health Benefits Committee Vision Statement and Evaluation Criteria

AGENDA ITEM 10 – PUBLIC COMMENT

There was no public comment.

The meeting was adjourned at 2:12 p.m.

The next meeting of the Committee is scheduled for March 17, 2009, in Sacramento, California, following adjournment of the Benefits and Program Administration Committee.

ANNE STAUSBOLL

Chief Executive Officer